

Message Text

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70

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 DODE-00 PM-04

H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 OMB-01 EB-07 COME-00 TRSE-00 XMB-02

IGA-02 /082 W

----- 090451

R 021637Z MAR 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6851

INFO AMEMBASSY LUSAKA

USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L BONN 03450

E.O. 11652: GDS

TAGS: EAID, EFIN, ZA, GW

SUBJ: ASSISTANCE TO ZAMBIA

REF: (A) STATE 36980; (B) BONN 2798

1. ZAMBIAN DESK OFFICER IN ECONCOOPMIN PROVIDED EMBOFF WITH FURTHER DETAILS ON GERMAN ASSISTANCE TO ZAMBIA. COMMODITY AND CAPITAL ASSISTANCE HAS NOW BEEN FIRMLY PLACED AT DM 50 MILLION LEVEL, BUT ONLY DM 36 MILLION IS NEW MONEY, THE REST BEING PROMISED FOR PROJECTS IN 1974 AND 1975. THE TERMS ARE 30 YEARS, 10 YEARS GRACE, AND 2 PERCENT. MOST OF THE MONEY WILL BE USED FOR THE KARIBA NORTH POWER STATION, THE DEVELOPMENT OF ZAMBIAN SUGAR PRODUCTION, A CORN PROCESSING PROGRAM, AND OTHER AGRICULTURAL PROJECTS.

2. BUNDESBANK ASSISTANCE: ALTHOUGH BUNDESBANK OFFICIALS ARE QUITE RELUCTANT TO DISCUSS THEIR NEGOTIATIONS WITH ZAMBIAN CENTRAL BANK OFFICIALS, WE
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HAVE BEEN TOLD BY DESK OFFICER THAT NO STANDBY CREDIT

WAS OFFERED TO THE ZAMBIANS. CONTRARY TO OUR EARLIER REPORT (REFTEL B), THE ZAMBIANS APPARENTLY HAD FEW CONCRETE PROPOSALS FOR BUNDESBANK OFFICIALS AND WERE ILL PREPARED FOR MAKING ANY FIRM COMMITMENTS. THE BUNDESBANK APPARENTLY AGREED TO STUDY ZAMBIA'S FINANCIAL NEEDS AND DESK OFFICER ASSUMES THAT OFFICIALS FROM BOTH SIDES WILL MEET AGAIN IN THE FUTURE.

3. DESK OFFICER ADVISED US THAT THE EC WILL BE DISCUSSING ASSISTANCE TO ZAMBIA THIS WEEK. HE IS OPTIMISTIC THAT A RELATIVELY LARGE ASSISTANCE PACKAGE WILL BE OFFERED TO THE ZAMBIANS. THE FRG, FOR ITS PART, WILL BE URGING SUCH ACTION AND IS PREPARED TO CONTRIBUTE TO SUCH A PACKAGE.
HILLENBRAND

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